

Minutes of the Finance Committee Meeting

The Finance Committee of the McLean County Board met on Tuesday, March 6, 2001 at 5:30 p.m. in Room 700 of the McLean County Law and Justice Center, 104 W. Front Street, Bloomington, Illinois.

Members Present: Chairman Sorensen, Members Renner, Berglund, Rodman, Arnold, Kinzinger

Members Absent: None

Staff Present: Mr. John Zeunik, County Administrator; Mr. Terry Lindberg, Assistant County Administrator; Ms. Lucretia Wood, Administrative Assistant, County Administrator's Office

Elected Officials/

Department Heads: Mr. James Boylan, Treasurer; Ms. Rebecca McNeil, Accounting Specialist II, Treasurer's Office; Ms. Cathy Dreyer, Accounting Specialist II, Treasurer's Office; Mr. Don Lee, Administrator, McLean County Nursing Home; Ms. Jackie Dozier, County Auditor; Ms. Shawn Walker, Director, MetCom; Mr. Bob Keller, Director, Health Department

Chairman Sorensen called the meeting to order at 5:31 p.m.

Chairman Sorensen stated that if there are no objections, the minutes of the February 6, 2001 meeting will be approved and placed on file as presented.

Ms. Jackie Dozier, County Auditor, presented a request for an amendment to the Resolution Authorizing and Directing the McLean County Auditor to Establish Methods and Procedures for Reporting Capital Assets. Ms. Dozier explained that in the packet, the request is to increase the minimum capital asset reporting requirement to \$1,000.00. However, Ms. Dozier asked the Committee to consider raising the fixed asset threshold to \$2,500.00. She stated that she contacted several other counties before making this request. The threshold for fixed assets in several counties is \$5,000.00. The Government Finance Officers Association (GFOA) recommends \$5,000.00. The Administrator and the Outside Auditor have recommended the fixed asset threshold be at least \$2,500.00. The threshold for computer equipment would remain at \$1,000.00.

Mr. Renner asked what other concerns the Committee had when the threshold for fixed assets was addressed at the January Committee meeting. Ms. Dozier replied that the only concern the Committee had was in regards to tracking computer equipment.

Mr. Rodman asked what the fixed asset threshold was before the amendment at the January Committee meeting. Ms. Dozier replied that the threshold was \$200.00.

Mr. Kinzinger asked how much staff time would be saved if the Committee approved the increase in the threshold. Ms. Dozier replied that significant amount of staff time would be saved by the increase. Presently, the staff in the office is required to complete a physical inventory of all capital assets with a value of \$750.00 or higher. To accomplish this task, the Auditor's staff inventories 25% of the assets each year.

Mr. Renner asked which County has a \$5,000.00 threshold. Ms. Dozier replied that GFOA recommends the \$5,000.00 threshold and DuPage County follows the GFOA guidelines.

Mr. Kinzinger asked how the computer equipment would be tracked. Ms. Dozier explained that all the computed equipment would be tracked on a register. Information Services is currently tracking over 800 computers.

Mr. Arnold asked how the County's insurance would be effected if there were a fire and the County only had a computer register to show to the insurance company. Mr. John Zeunik, County Administrator, replied that Fidelity Appraisal is provided an update on County property every year. Once Fidelity Appraisal is provided the property update, they prepare an appraisal of the buildings and fixtures, which is for insurance purposes only. The Risk Manager and the County Auditor work closely with Fidelity Appraisal during the appraisal process.

Mr. Rodman asked what would be accomplished by further increasing the fixed asset threshold. Ms. Dozier stated that not only would the Auditor's Office save a lot of time, the change would also save department heads a lot of time. Inventory tracking involves a lot of paperwork. Right now, the inventory is being done every four years. This was increased form every three years because tracking the inventory became an overwhelming task. Ms. Dozier stated that if the increase in the fixed asset threshold were approved, the Office would no longer record items under \$2,500.00. These items would be recorded as inventory items. The Nursing Home is an exception because the property at the Nursing Home is depreciated.

Mr. Kinzinger asked if Ms. Dozier has a list of items that would no longer be included as fixed assets. Ms Dozier replied that \$1,250,000.00 of property would no longer be recorded as fixed assets. Mr. Renner asked what kind of property is included. Ms. Dozier replied that desks are a large part of the property.

Mr. Rodman stated that he is uncomfortable with increasing the threshold further. Mr. Renner asked if these are all big items. Ms. Dozier replied that the list is all big item. Mr. Renner asked if the department heads would be responsible for their own inventory. Ms. Dozier stated that the department heads would sign off on the inventory list provided to them by the Auditor's office.

Mr. Kinzinger asked if Ms. Dozier knows how much time would be saved if the threshold were increased. Ms. Dozier stated that in 1997, the Auditor's Office had to go from doing the fixed asset inventory every three years to every four years.

Mr. Renner asked what is the process of control over County property. Ms. Dozier replied that the property involved is all large items. Department Heads should be able to track these items.

Ms. Berglund stated that money has disappeared. She asked how the Committee can be sure that property won't disappear. Ms. Dozier replied that there is no guarantee that property won't be stolen. The County has to place the responsibility on the department head to see that the equipment was disposed of properly.

Ms. Dozier stated that the list consists of desks, carpet, and bathroom fixtures. These are items that would be noticed if they were missing.

Mr. Renner stated that he would be more comfortable if GFOA presented their rationale for why the fixed asset threshold should be \$5,000.00.

Mr. Rodman stated that State Farm's fixed asset threshold is \$1,000.00. Mr. Renner asked if State Farm uses a central auditor or if department heads are responsible. Mr. Rodman stated that there is an audit process where every area has responsibilities regarding the inventory. Ms. Dozier asked if State Farm has depreciation. Mr. Rodman replied that there is depreciation of inventory at State Farm. Ms. Dozier stated that private companies have different standards than public entities do.

Ms. Berglund asked if the only reason to approve the increase is because staff does not have time to do the fixed asset inventory. Ms. Dozier replied that it is time consuming for her staff and the department heads to inventory the fixed assets. There is a lot of record keeping for the department heads.

Mr. Zeunik stated that \$2,500.00 is a good figure for purposes of defining what is carried on the fixed asset subsidiary ledger. This figure is consistent with the County's current policy that governing contracts and purchases. Any purchase greater than \$2,500.00 requires an informal bid process.

Mr. Rodman asked if the time saving between \$1,000.00 and \$2,500.00 is significant or if it is only incremental. Ms. Dozier stated that it represents \$1,000,000.00 worth of equipment. Chairman Sorensen asked what is on the list that costs more than \$1,000.00 and less than \$2,500.00 that could be stolen without being noticed. Ms. Dozier replied that most of the items on the list are very large.

Mr. Kinzinger asked what the threshold is for most Counties in Illinois. Ms Dozier stated that she called four counties. One county's threshold was set at \$5,000.00, one at \$2,500.00, one at \$2,000.00 and one at \$500.00. The county with the \$500.00 threshold has not reviewed their fixed asset threshold for ten years.

Chairman Sorensen asked the Committee what action they would like to take.

Motion by Rodman/Berglund to recommend approval of the original \$1,000.00 request for an amendment to the Resolution Authorizing and Directing the McLean County Auditor to Establish Methods and Procedures for Reporting and Accounting for Fixed Assets.

Mr. Kinzinger asked that the request be brought to the Committee again in a year. Mr. Renner stated that he could have been comfortable with the increase to \$2,500.00, but he will not oppose the motion.

Motion carried.

Ms. Dozier presented a request for an addition of a position of Internal Auditor in the County Auditor's Office. Chairman Sorensen stated that Chairman Sweeney has been working with the auditor's Office and the Administrator's Office on improving internal controls in the County due to recent thefts. The Auditor's Office and the Administrator's Office prepared this a proposal to strengthen the County's control over the way cash handling is done in County offices.

Ms. Dozier stated that she met with the Administrator's Office to prepare the costs of hiring an Internal Auditor. The position is needed if the County is going to strengthen its internal controls. The current responsibilities of the Auditor's Office are too great to be able to have more than minimal control in the internal control process.

Mr. Zeunik stated that the entry level annualized salary for this position is \$34,000.00 for someone that does not have a CPA. Mr. Arnold stated that a CPA is not necessary. There is internal control certification for government agencies.

Mr. Arnold asked if there are procedures in place for an internal auditor to follow. Ms. Dozier replied that procedures would have to be developed for the position.

Mr. Arnold asked how the procedures would be developed. Ms. Dozier replied that the procedures would be developed while working with each department to see what areas need to be strengthened.

Motion by Arnold/Kinzinger to recommend approval of a request for the addition of a position of Internal Auditor in the County Auditor's Office and approval of the accompanying Emergency Appropriation Ordinance and FTE Amendments.

Ms. Berglund asked if a current employee would be promoted to the Internal Auditor position. Ms. Dozier replied that the person would be hired from outside the County because current staff are not qualified for the position.

Mr. Lindberg stated that there are numerous certification programs available for non-CPA employees. Two counties in Illinois have an internal auditor in place. These auditors are required to work towards certifications. The County can also rely on the National Association of Local Government Auditors guide's procedures for establishing internal control. The proposed salary is in line to hire someone with the capabilities to obtain the necessary certification.

Mr. Rodman stated that this is something that should have been done in the past. He commended the County Auditor for preparing the request. Mr. Rodman asked if the external auditor will still do the eight surprise cash counts each year. He asked if the internal auditor will replace anything that the external auditor is currently doing. Ms. Dozier replied that the internal auditor's duties are in addition to the external auditor's duties. Mr. Rodman asked when the certification training would begin. Ms. Dozier replied that the internal auditor would start training this year. Mr. Rodman asked what training the internal auditor could take this year. Ms. Dozier replied that the internal auditor could attend GFOA conferences on internal audit procedures, Illinois County Auditor's Association conferences and, perhaps, a night course for certification.

Motion carried.

Chairman Sorensen asked Ms. Dozier to keep the Committee informed of the progress made on the internal audits.

Mr. Bob Keller, Director, Health Department, presented a request for a Resolution Amending the Fiscal Year 2001 McLean County Full-Time Equivalent Position Resolution Associated with an Ordinance to Amend the Fiscal Year 2001 McLean County Combined Appropriation and Budget Ordinance for Fund 0105 and an Ordinance Amending the 2001 Combined Appropriation and Budget Ordinance for Fund 0105. The Regional Office of Education (ROE) has received \$17,000.00 for tobacco prevention programs in the school. The money is for implementation of a Life Skills program for students. This project is in conjunction with Project OZ. David Goerlitz, a Tobacco Prevention Specialist will speak to school assemblies. This is a request for an intergovernmental agreement to fund the costs of the assemblies and education. This

program will encompass 2000 students throughout McLean County. This is a grant through the ROE.

Motion by Kinzinger/Berglund to recommend approval of a request for a Resolution Amending the Fiscal Year 2001 McLean County Full-Time Equivalent Position Resolution Associated with an Ordinance to Amend the Fiscal Year 2001 McLean County Combined Appropriation and Budget Ordinance for Fund 0105 and an Ordinance Amending the 2001 Combined Appropriation and Budget Ordinance for Fund 0105. Motion carried.

Mr. James Boylan, Treasurer, introduced Ms. Rebecca McNeil, Accounting Specialist II, Treasurer's Office and Ms. Cathy Dreyer, Accounting Specialist II. Ms. McNeil and Ms. Dreyer are handling the Assistant County Treasurer's duties until the position is filled. Ms. McNeil and Ms. Dreyer presented the County Treasurer's report as of February 28, 2001, the Investment Report as of February 28, 2001 and the Employee Benefit Fund Report as of February 28, 2001.

Ms. Dreyer stated that last year as of February 28th, the County had received \$247,000.00 in revenue from the State Income tax. The County has not received any funds this year. The State sent a letter stating that the funding for the income tax payments for local governments was insufficient to make the payments. Mr. Zeunik stated that the State holds up payments until the local government distributive fund reaches a certain threshold. Once the threshold is met, the money is released to the local governments. Mr. Arnold stated that the County should lobby our legislatures to receive part of the interest earn by the State on this money.

Mr. Renner stated that February was an inexpensive month for health claims. Ms. McNeil explained that the County no longer offers a self-insured plan. The costs in February of 2001 are claims that are trickling in from the end of 2000. Mr. Rodman asked how long payments would go on. Mr. Zeunik stated that HPA gave employees three months to submit claims. However, there are claims that are being disputed that may continue past March 31, 2001.

Mr. Boylan indicated that interest rates have dropped. Reinvestment rates have decreased significantly. Short terms investments have declined.

Motion by Renner/Arnold to accept and place on file the County Treasurer's report as of February 28, 2001, the Investment Report as of February 28, 2001 and the Employee Benefit Fund Report as of February 28, 2001. Motion carried.

Mr. Arnold asked the Treasurer's Office if direct payments for property taxes could be made. Ms. McNeil replied that the Office could look into the issue. Mr. Boylan stated

that he believes that there is a law prohibiting direct payments for property taxes. If direct payments were made, the figures would be based on the past year's taxes. If someone was even \$5.00 short, his or her property could end up at a tax sale. Mr. Arnold asked the Office to review this process.

Mr. Don Lee, Administrator, Nursing Home, presented a revised copy of the Year-End Report for Fiscal Year 2000.

Mr. Rodman asked how the salary adjustments have effected turnover at the Nursing Home. Mr. Lee stated that the Nursing Home has not lost any RN's since the salary increases were approved.

Mr. Rodman noted that the daily census is still down. He asked if the County can do anything to increase the census. Mr. Lee replied that the County is faced with an increase in home healthcare programs. Hospitals are keeping Medicare patients the full twenty days and then sending the patient home with home healthcare assistance. These programs divert a lot of patients from long-term care facilities. There are a lot of assisted living programs being developed at private nursing homes. The individuals in the assisted living programs will feed into these private nursing home facilities. In December, the Nursing Home experienced quite a few deaths. This has also effected the census.

Mr. Renner asked if some of the census problems are because people avoid public pay facilities. Mr. Lee stated that the poor farm image is a problem to overcome, but it is not a major issue.

Motion by Arnold/Rodman to go into Executive Session to discuss Collective Bargaining issues. The following individuals are asked to remain in the Executive Session: Ms. Shawn Walker, Mr. John Zeunik, Mr. Terry Lindberg, and Ms. Lucretia Wood. Motion carried.

The Committee went into Executive Session at 6:20 p.m.

The Committee returned to Open Session at 6:35 p.m.

Chairman Sorensen presented the bills, which have been reviewed and recommended for transmittal to the Finance Committee by the County Auditor.

Motion by Arnold/Renner to recommend payment of the bills as presented by the County Auditor. Motion carried.

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There being nothing further to come before the Committee at this time, Chairman Sorensen adjourned the meeting at 6:36 p.m.

Respectfully submitted,

Lucretia A. Wood
Recording Secretary